

COUNTYWIDE OVERVIEW



THE GOVERNMENT

Shelby County, Tennessee was established in 1819 and covers 783 square miles in southwest Tennessee. Of this, 300 square miles are within the city limits of Memphis.

Since the implementation of the Restructure Act on January 1, 1976, the County has operated under the Mayor-Commission form of government. The Mayor, as the County's chief executive officer, oversees the operations of the County's six divisions. The thirteen members of the Shelby County Board of Commissioners (the Commission), the legislative branch of the government, reviews and approves the County's programs and budgets. Together the administration and the Board of County Commissioners are responsible for governing approximately 900,000 citizens in the most populous of Tennessee's 95 counties.

In August 1984, the County's voters approved the Home Rule Charter which allows the Commission to pass ordinances locally rather than having to receive approval through the Tennessee State Legislature. The Home Rule Charter became effective September 1, 1986.

CORE BELIEF AND VALUES

Acting on its core belief that Shelby County Government exists only to serve the public and provide a quality community, the Wharton administration will have a work environment that encourages the personal growth of its employees and a commitment to teamwork that produces innovative solutions, technical excellence, and continuous improvement. Mayor Wharton has established integrity, innovative service, accountability, excellence and respect as the values for Shelby County Government.

PRIORITIES

The two tables below show the priorities of Shelby County Government as reflected by budgeted expenditures. The first chart reflects total countywide expenditures and the second chart depicts uses of property taxes.

Countywide Expenditures:

<u>Function</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$361,288,000	32.19%
Criminal	281,839,902	25.12%
Debt Service	163,208,898	14.54%
Health	91,733,030	8.17%
Administrative	82,903,968	7.39%
Community Services	62,094,285	5.53%
Public Works	54,902,661	4.89%
Planning & Development	24,224,865	2.16%
Total	<u>\$1,122,195,609</u>	<u>100.0%</u>

Uses of Current Property Taxes:

<u>Function</u>	<u>Amount</u>	<u>Percent of Total</u>
Education	\$361,288,000	52.5%
Criminal Justice	147,797,827	9.2%
Debt Service-Schools	63,132,283	9.6%
Debt Service-Other	66,387,717	21.5%
Health	31,826,807	4.6%
Administrative	13,464,956	2.0%
Community Service & Public Works	4,428,410	0.6%
Total	<u>\$688,326,000</u>	<u>100.0%</u>

This budget document presents the Operating Plan and Adopted Budget for Fiscal Year 2008 reflecting the allocation of resources necessary to accomplish Countywide goals and objectives. It is a consolidated document including funding for all Elected Officials and Departments of County Government.

BUDGETARY CONTROLS

The revenues and expenditures accounted for in the various funds are legally adopted budgets and are controlled by a formal integrated budgetary accounting system in accordance with various legal requirements that govern the operations of Shelby County. The Board of Commissioners approves the budget for these funds annually and budgetary control is maintained at the departmental level by line item. Expenditures may not exceed appropriations by line item at the departmental level. The County has established eighteen line items (Salaries, Other Compensation, Fringe Benefits, Supplies, Services, Professional and Contracted Services, Rent, Utilities and Maintenance, Intergovernmental Expenditures, Interdepartmental Charges/Expenditures, Asset Acquisitions, Debt Service, Special Funded Projects, Grants, Contingencies and Restrictions, Operating Transfers In, Operating Transfers Out, Other Financing Sources, and Planned Fund Balance Change) and maintains numerous accounts within each line item. Line items are categorized as Personnel (all compensation and fringe benefits) or operations and maintenance (all other line items).

The County Mayor is authorized to transfer budget amounts between line items of the same category of the same division (group of departments). Any adjustments that create a new line item, increase the total budget or require transfers between divisions or categories must be approved by the Board of Commissioners.

FUND ACCOUNTING

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenses or expenditures. Resources are allocated to each fund and accounted for based on the purposes for which they are to be spent and the means of controlling the spending activities. The individual funds are grouped in the financial statements and the Budget into six generic fund types as follows:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. A governmental fund's measurement focus is on the determination of financial position and changes in financial position. Three types of governmental funds are employed by the County.

General Fund

Transactions relating to resources obtained and used for delivery of those services traditionally provided by a county government, which are not accounted for in other funds, are accounted for in the General Fund. These services include, among other things, general government, health and public works and community services. The operations of all fee operating elected offices are accounted for as sub-funds of the General Fund.

Special Revenue Funds

Transactions relating to resources obtained and used for certain Federal and State programs and from other resources upon which legal restrictions are imposed are accounted for in the Special Revenue Funds. The following comprise the Special Revenue Funds:

The Board of Education Fund accounts for revenues collected by the County and allocated on an average daily attendance basis between the City of Memphis Board of Education and the Shelby County Board of Education.

The Roads and Bridges Fund accounts for the receipt and expenditures of the County's share of the proceeds from the state gasoline tax and additional allocations from the State of Tennessee for road repairs and maintenance.

The Solid Waste Management Fund accounts for solid waste management activities.

The Hotel/Motel Tax Fund accounts for the tax collected on hotel and motel rooms in Shelby County.

The Sheriffs Narcotics Fund accounts for the proceeds of goods seized and forfeited under the provisions of T. C. A. Section 53-11-451.

The Register's Data Processing Fund accounts for certain fees restricted by State law for data processing expenditures of the Office of the County Register of Deeds.

The Car Rental Tax Fund accounts for the car rental tax restricted for payment to the Public Building Authority for the new arena.

The Air Emission Fund accounts for the proceeds of emission fees to be used in the Environmental Protection Agency (EPA) Title V program regulating all major and synthetic minor air emission sources in Shelby County.

The Grants Fund accounts for the receipts and expenditures of federal, state and other grants received by various County departments.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs (except for bonds issued for Proprietary Funds, which are reported as liabilities of the respective Proprietary Fund).

Proprietary Funds

Proprietary Funds are used to account for the organizations and activities of the County which are similar to those often found in private enterprises. The measurement focus is on determination of net income, financial position, and changes in financial position. Two types of Proprietary Funds are employed by the County.

Enterprise Funds

Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Enterprise Funds used by the County are as follows:

The Consolidated Codes Enforcement Fund accounts for operations of the Memphis and Shelby County Office of Construction Codes Enforcement. Revenues are generated through fees charged by the office.

The Corrections Center Fund accounts for the operations of the Corrections facilities. Revenues are received from the State of Tennessee based on actual costs incurred for housing state prisoners.

The Fire Services Fund accounts for the operations of the Fire Department. Revenues are received from fees charged for fire services.

Internal Service Funds

Internal Service Funds account for the financing of goods or services provided by one department to other departments or agencies of the County on a cost reimbursement basis.

The Central Services Fund is used to account for the accumulation and allocation of costs of duplicating, mail, and printing services, telecommunications and Health Department central supply and copy services.

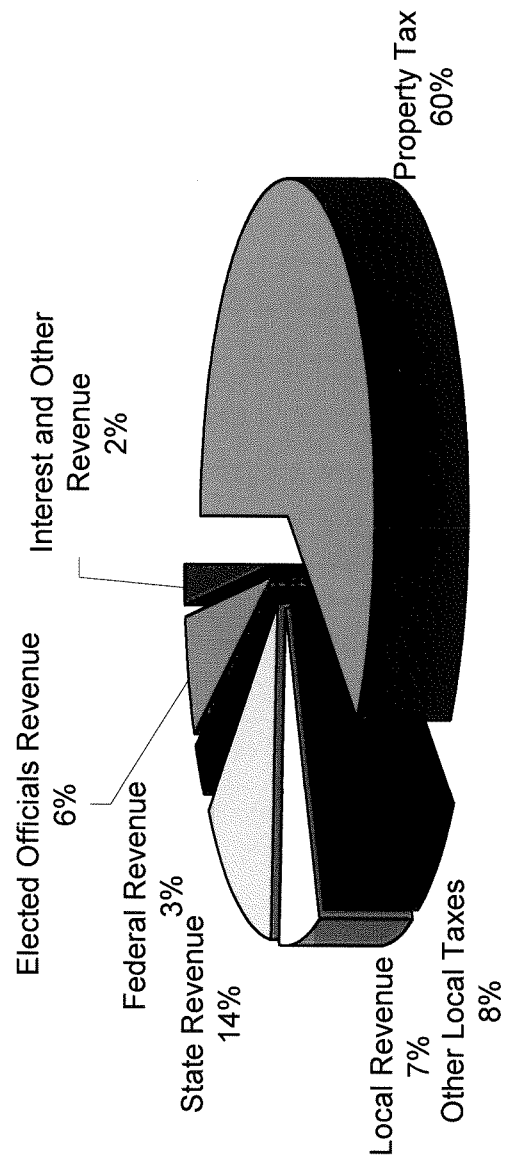
TAX RATE DISTRIBUTION

The approved tax rate for FY 2006, FY 2007 and FY 2008 and the corresponding allocation is as follows:

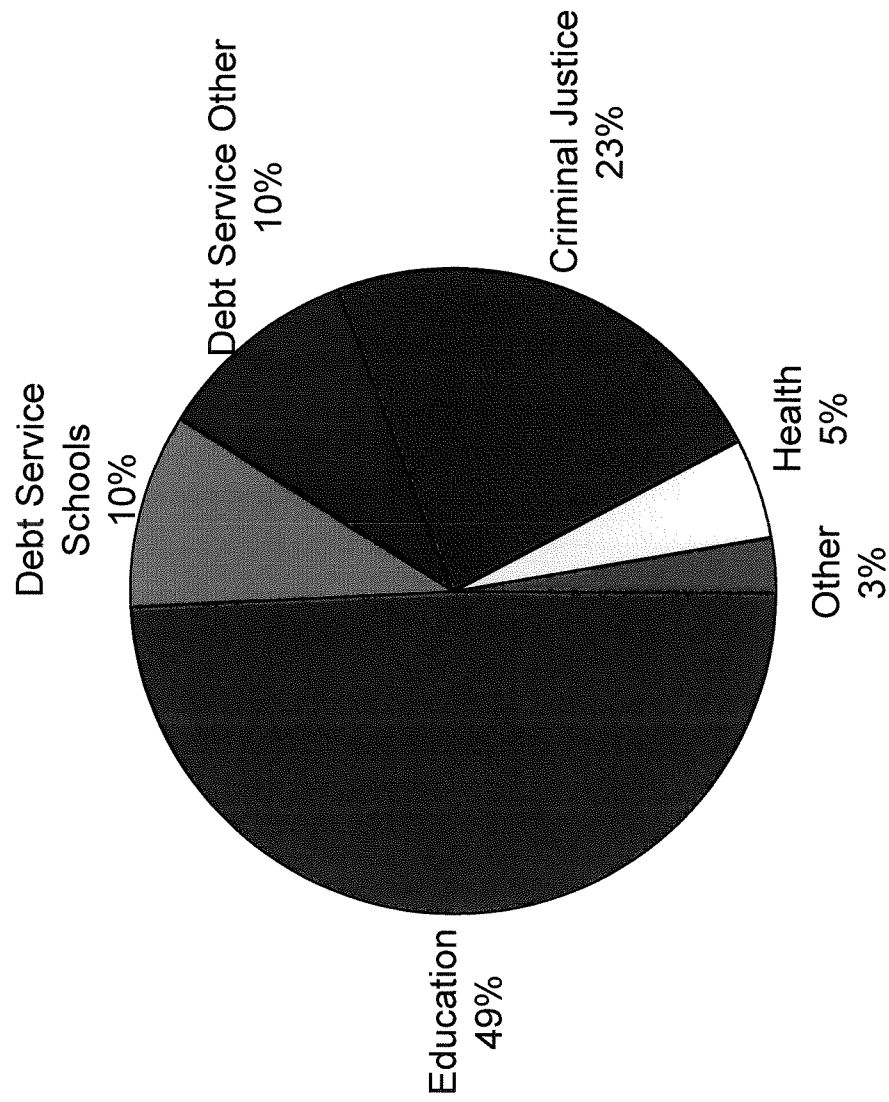
	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>
General Fund	\$ 1.22	\$ 1.22	\$ 1.22
Education	2.02	2.02	2.02
Rural School Bonds	.05	.05	.05
Debt Service Fund	<u>.80</u>	<u>.80</u>	<u>.80</u>
Total	<u>\$ 4.09</u>	<u>\$ 4.09</u>	<u>\$ 4.09</u>

Under state law, the County is required to allocate property taxes between the City of Memphis and the County school systems based on the ratio of average daily attendance (ADA) of each system. The budget for the Board of Education in the Special Revenue Funds Tab reflects the taxes and their allocation between the systems.

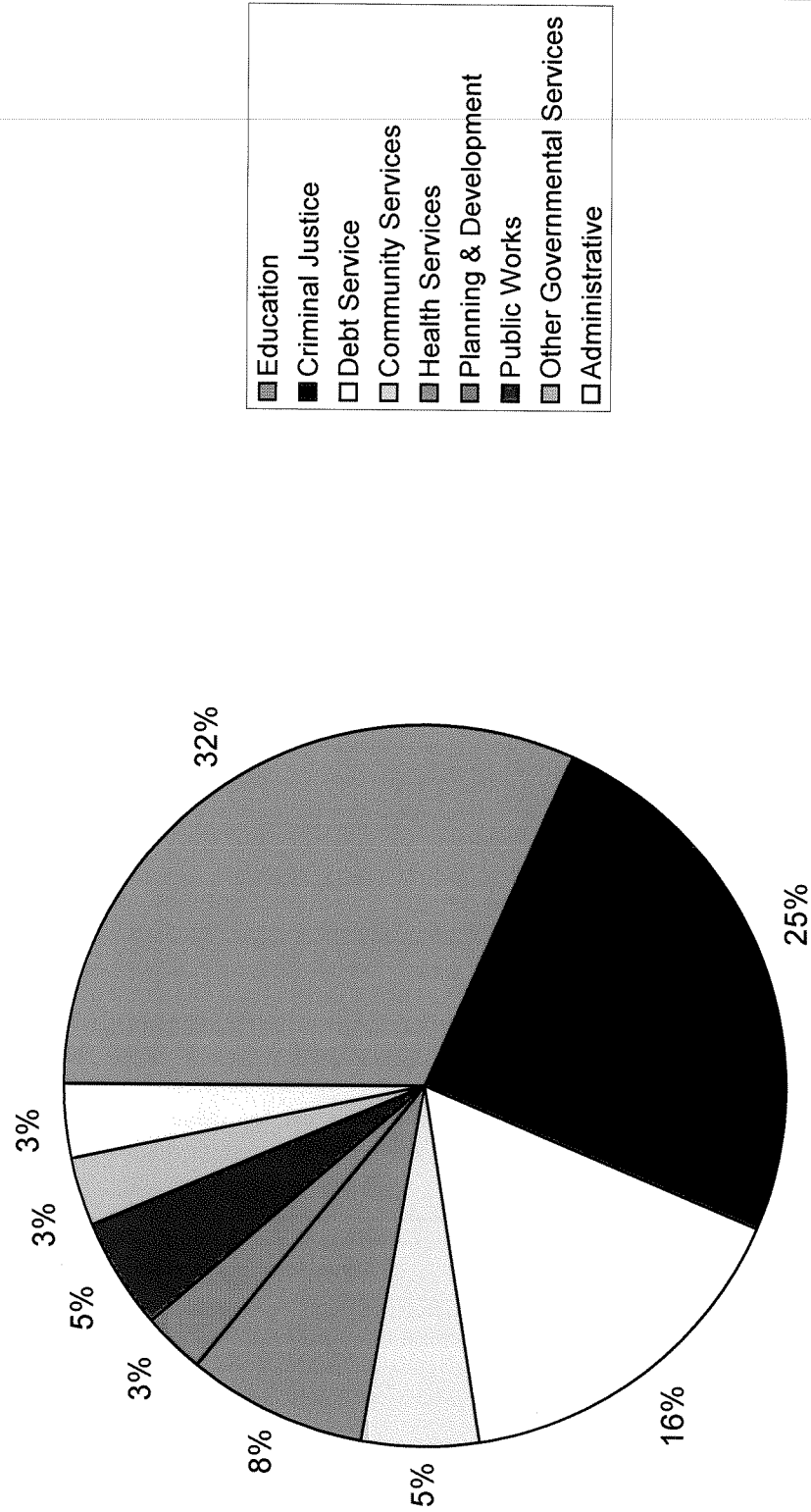
FY2008 Countywide Revenue by Source



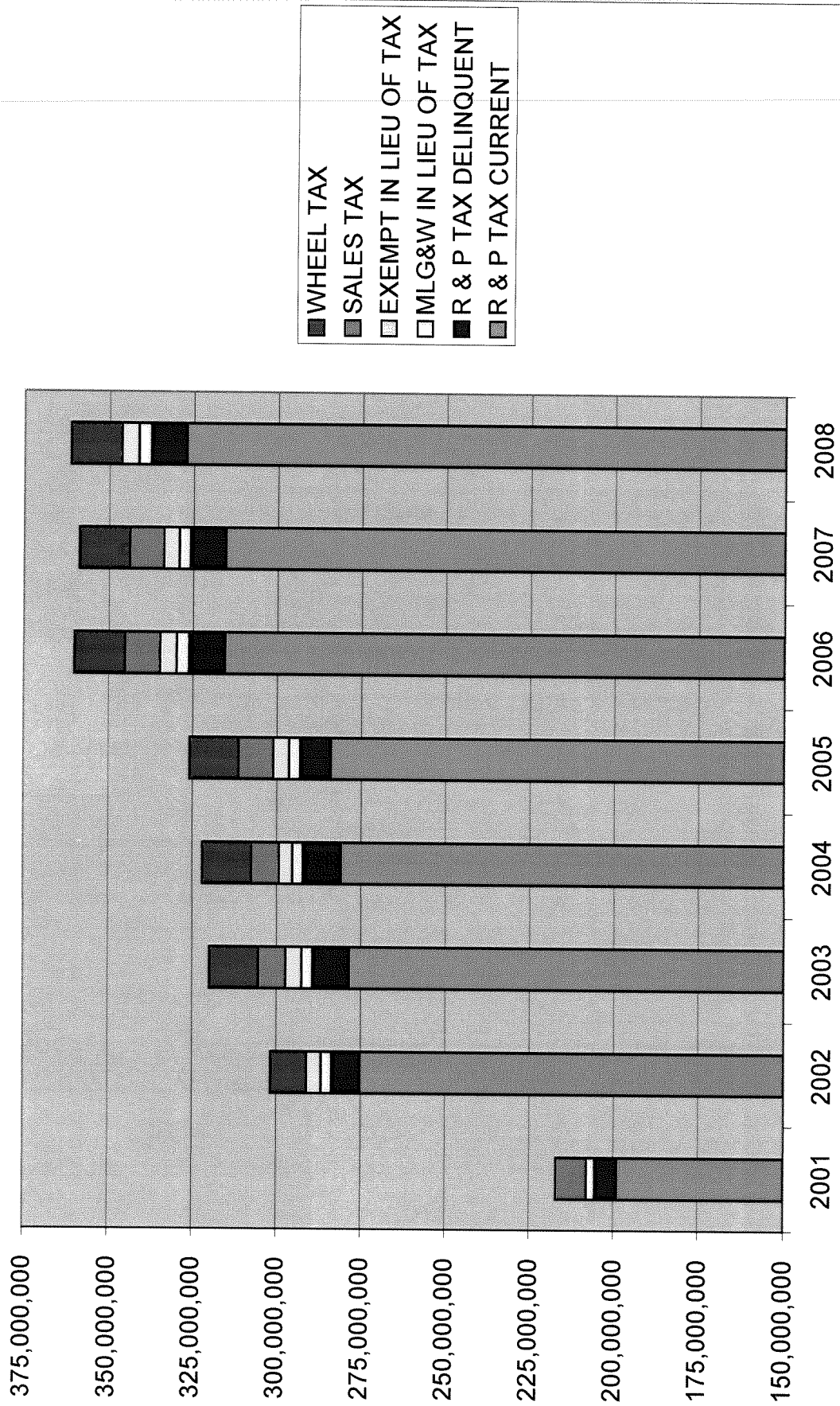
Property Tax Uses



Countywide Expenditures



Education Revenue



COUNTYWIDE REPORT

DESCRIPTION	FY 04 ACTUAL	FY 05 ACTUAL	FY 06 ACTUAL	FY 07 YTD Actual 12/31/06	FY 07 BUDGET	FY 08 ADOPTED BUDGET
41 - Local Taxes	-664,790,308	-672,036,082	-747,473,316	-340,488,460	-742,227,000	-770,459,000
42 - Local Revenue	-71,632,467	-65,266,066	-71,653,478	-32,636,281	-77,129,707	-82,627,895
43 - State Revenue	-104,096,448	-114,841,274	-135,413,318	-47,755,422	-158,290,155	-151,982,102
44 - Federal Revenue	-25,507,071	-26,496,420	-28,900,873	-11,986,731	-39,642,059	-31,265,108
45 - Patient Service Revenue	-11,971,771	-2,012,041	-2,265,632	-953,879	-2,330,844	-2,579,016
46 - Elected Officials' Fines & Fees	-56,302,503	-56,155,830	-63,241,591	-30,012,881	-58,996,578	-62,931,023
47 - Other Revenue	-3,465,904	-6,506,508	-10,893,815	-4,935,045	-6,814,049	-20,351,465
Revenue	-937,766,472	-943,314,221	-1,059,842,023	-468,768,699	-1,085,430,392	-1,122,195,609
51A - Salaries	260,028,920	247,213,032	255,779,550	135,303,104	270,959,426	291,169,162
55 - Fringe Benefits	65,085,772	67,430,147	70,602,509	35,900,773	80,585,508	89,274,298
Salaries & Fringe Benefits	325,114,692	314,643,179	326,382,059	171,203,877	351,544,934	380,443,460
60 - Supplies	22,549,048	23,173,083	30,640,270	10,339,141	33,132,630	28,578,844
64 - Services	7,979,498	8,608,104	7,608,919	4,144,083	15,307,808	12,496,869
66 - Professional & Contracted Services	61,057,051	61,064,883	62,861,428	29,077,008	92,081,061	87,047,430
67 - Rent, Utilities & Maint	28,383,549	26,838,538	31,331,666	15,021,404	31,402,542	31,558,797
68 - Interdepartmental Charges/Expendit	-1,228,547	-1,950,889	-1,081,281	-80,718	-1,342,021	-618,001
69 - Intergovernmental Expenditures	1,134,322	2,346,878	813,900	114,192	783,983	698,716
70 - Asset Acquisitions	8,244,400	5,881,404	9,482,779	6,451,370	20,234,454	7,826,112
Operating & Maintenance	128,119,321	125,962,001	141,657,681	65,066,480	191,600,457	167,588,767
80 - Debt Services	118,365,129	136,455,086	142,673,071	48,932,701	163,378,753	171,287,148
Debt Services	118,365,129	136,455,086	142,673,071	48,932,701	163,378,753	171,287,148
89 - Special Funded Projects	361,775,970	362,074,064	396,391,281	178,432,683	398,345,117	405,138,259
Special Funded Projects	361,775,970	362,074,064	396,391,281	178,432,683	398,345,117	405,138,259
90 - Grants	578,528	481,000	220,500	208,500	926,000	481,000
Grants	578,528	481,000	220,500	208,500	926,000	481,000
95 - Contingencies & Restrictions	0	0	0	0	-1,745,635	1,580,965
Contingencies & Restrictions	0	0	0	0	-1,745,635	1,580,965
99 - Other Financing Sources	0	-11,155,349	-222,654	0	0	0

COUNTYWIDE REPORT

DESCRIPTION	FY 04 ACTUAL	FY 05 ACTUAL	FY 06 ACTUAL	FY 07 YTD Actual 12/31/06	FY 07 BUDGET	FY 08 ADOPTED BUDGET
Other Financing Sources	0	-11,155,349	-222,654	0	0	0
999 - Planned Fund Balance Change	0	0	0	0	-22,829,194	-20,816,609
Planned Fund Balance Change	0	0	0	0	-22,829,194	-20,816,609
Expenditures	933,953,640	928,459,981	1,007,101,938	463,844,241	1,081,220,432	1,105,702,990
96 - Operating Transfers In	-39,045,027	-44,818,684	-39,287,003	-11,816,064	-37,853,521	-37,009,037
Operating Transfers In	-39,045,027	-44,818,684	-39,287,003	-11,816,064	-37,853,521	-37,009,037
98 - Operating Transfers Out	36,758,700	37,082,167	54,311,374	10,991,061	42,063,481	53,501,656
Operating Transfers Out	36,758,700	37,082,167	54,311,374	10,991,061	42,063,481	53,501,656
Transfers	-2,286,327	-7,736,517	15,024,371	-825,003	4,209,960	16,492,619
TOTAL	-6,099,159	-22,590,757	-37,715,714	-5,749,461	0	0

Summary of Operating Budget Fiscal 2008

	<u>General Fund</u>	<u>Total</u>
Revenue:		
Property Taxes	202,638,000	675,076,000
Other	<u>152,477,888</u>	<u>447,119,609</u>
Total Revenue	<u>355,115,888</u>	<u>1,122,195,609</u>
Expenditures:		
Personnel	249,504,521	380,443,460
Operating and Maintenance	72,565,604	169,169,732
Debt Service	2,707,996	171,287,148
Education		361,288,000
Special Funded Projects and Grants	29,208,500	44,331,259
Transfers - net	4,129,267	16,492,619
Planned Use of Fund Balance	<u>(3,000,000)</u>	<u>(20,816,609)</u>
	<u>355,115,888</u>	<u>1,122,195,609</u>
Net Budget	<u>-</u>	<u>-</u>

Planned Use of Fund Balance Fiscal 2008

	FY08 Operating <u>Budget</u>	FY07 Adopted <u>Budget</u>
General Fund:	(3,000,000)	-
Special Revenue Funds:		
Road and Bridge Fund	(2,715,832)	(6,026,917)
Hotel Motel Tax Fund	574,983	(646,413)
Sheriff's Narcotics Fund	(314,983)	(576,783)
Register Data Processing Fund	(86,174)	(451,981)
Air Pollution Fund	(304,175)	(326,469)
Vector Control Fund	(100,000)	
Criminal Court Clerk DP Fees	25,000	
Grants - Housing Down Payment Assistance Fund	(1,338,000)	(1,350,000)
Grants - Economic Development	(1,800,000)	(700,000)
Debt Service Fund	(6,451,188)	(6,049,613)
Codes Enforcement Fund	(4,926,240)	(5,933,284)
Corrections		(89,567)
Central Services	(380,000)	(508,163)
Fire Fund		(170,004)
Total	<u>(20,816,609)</u>	<u>(22,829,194)</u>

Fund Balance as of June 30, 2006 and Projected June 30, 2007
Unrestricted, Unreserved - All Funds

	June 30, 2006	June 30, 2007
	<u>Actual</u>	<u>Projected</u>
General Fund	41,147,243	44,000,000
Debt Service Fund	55,924,980	46,000,000
Capital Projects Fund, net of Notes Payable	28,418,919	25,000,000
Special Revenue Funds:		
Road and Bridge Fund	10,965,331	9,000,000
Solid Waste Management Fund	-	-
Hotel Motel Tax Fund	4,479,497	2,300,000
Sheriff's Narcotics Fund	3,342,485	4,000,000
Register Data Processing Fund	85,448	-
Car Rental Tax Fund	-	-
Health Services Restricted Fees Fund	1,852,613	1,500,000
Grants Fund	1,750,037	1,700,000
Education Fund	-	-
Economic Development Fund	1,500,000	1,800,000
Enterprise Funds		
Codes Enforcement Fund	5,425,157	3,000,000
Fire Services Fund	82,659	500,000
Corrections Center Fund	(84,959)	-
Internal Service Funds		
Central Services Fund	306,795	500,000
Group Hospital Insurance Fund	19,558,991	2,300,000
Group Life Insurance Fund	978,509	1,000,000
Tort Liability Fund	358,894	-
Employer Insurance Fund	(959,015)	-
Total All Funds	<u>175,133,584</u>	<u>142,600,000</u>